

COMMITTEE ON GOVERNMENT REFORM
CHAIRMAN TOM DAVIS
SUBCOMMITTEE ON ENERGY AND RESOURCES
CONGRESSMAN DARRELL E. ISSA, CHAIRMAN



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***Davis and Issa: New Oil & Gas Agreements
Are Encouraging But Not Enough***

Washington, DC- In reaction to yesterday's announcement by the Department of the Interior regarding new agreements signed by five companies to pay royalties on production from flawed leases signed in 1998 and 1999, House Government Reform Committee Chairman Tom Davis and Subcommittee on Energy and Resources Chairman Darrell Issa stated that they are encouraged by Assistant Secretary Stephen Allred's efforts to get the deals completed but much more needs to be done.

"More than 50 companies have not yet reached agreement or are not even negotiating with Interior," said the Chairmen. "More importantly, these agreements only address royalties from production beginning October 1, 2006. Therefore almost \$2 billion of money owed to the American taxpayer is left uncollected, which is why we joined in the letter sent yesterday to Attorney General Alberto Gonzalez," said Davis and Issa.

The letter requests a Department of Justice assessment of a legal analysis recently supplied to the Committee by a concerned member of the Bar, which asserts that MMS may have exceeded its authority in signing leases without price thresholds in 1998 and 1999.

"We continue to make every effort to recover all of the foregone royalties without compromising future oil and natural gas production and government revenue," declared Davis and Issa.

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